



ENERGY RISK MANAGEMENT

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POWER MARKET REPORT FOR DECEMBER 10, 2008

NATURAL GAS MARKET NEWS

The Colorado State University team of forecasters predict 2009 will be another above average hurricane season following an active 2008 season. The team predicted 14 tropical storms will form in the 2009 Atlantic hurricane season and 7 of those would develop into hurricanes. It forecast three of next year's hurricanes would be major storms of Category 3 or more. It said its forecast for 2009 was based on factors including warm Atlantic sea surface temperatures that create favorable conditions for cyclones.

According to an executive from BG Group plc, a 50% surge in supply will lead to a buyers market in LNG. This surge is expected to last for a few years, followed by the return of a supply crunch. This surge in supply is attributed to the economic crisis.

According to Deloitte LLP's annual oil and natural gas industry survey, US producers are planning to direct their capital spending toward more drilling on the Outer Continental Shelf and in onshore natural gas basins. However it added that they are not averse to investing in alternative energy.

PIPELINE RESTRICTIONS

Effective today, Segment 17 of the Natural Gas Pipeline Company, a unit of Kinder Morgan Pipeline Company, is at capacity. Therefore, ITS/AOR and Secondary out-of-path Firm transports are at risk of not being fully scheduled.

Northern Natural Gas Company, a division of MidAmerican Energy, said it has issued an operational flow order at the Carlton Resolution.

An operational flow order was issued by Northern Gas Company, at the Carlton Resolution Obligation location beginning with tomorrow's gas day and until further notice.

PIPELINE MAINTENANCE

Immediate unscheduled pipeline maintenance will begin on Gulf South's Index 228 and will continue until further notice. Gulf South will be claiming force majeure for as long as service cannot be performed due to the maintenance activity. The following locations will be shut in for the duration of

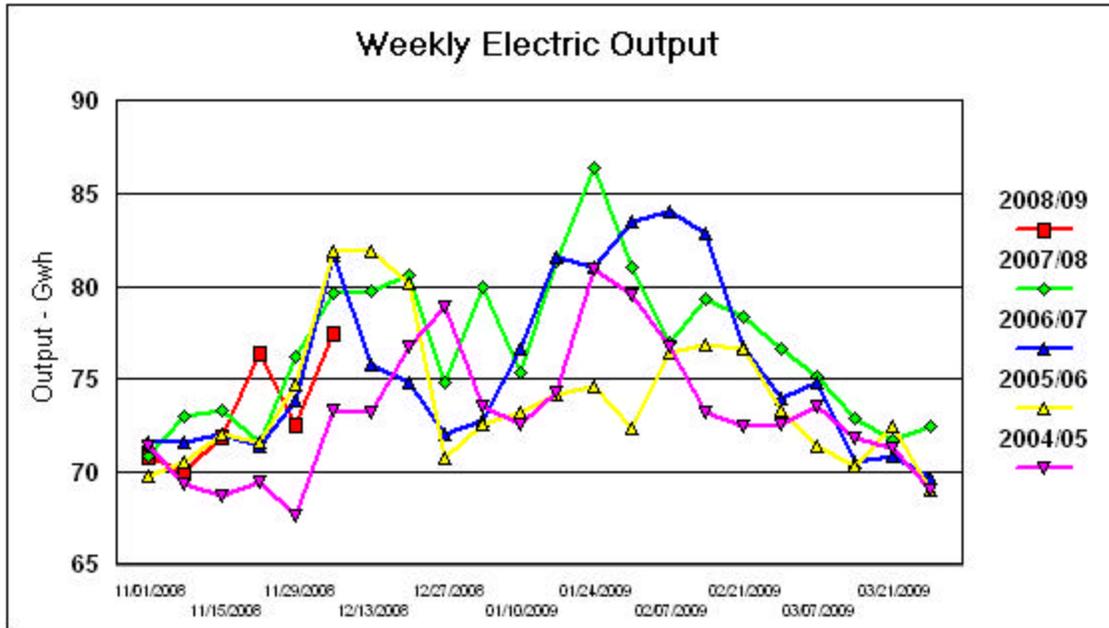
Generator Problems

NPCC – Ontario Power Generation's 490 Mw Units 2 at the Nanticoke coal-fired station was shut early Wednesday.

Bruce Power LP's 750 Mw Unit 3 at the Bruce nuclear power station in Ontario was shut on Dec. 9 for work on the turbine generator.

Dominion Resources' 1,131 Mw Millstone nuclear unit 3 is at full capacity, up from 94% Tuesday. No reason for the reduction was given.

The NRC reported this morning that 93,242 Mw of nuclear generation capacity was on line, relatively unchanged since Tuesday and 0.24% lower than the same time a year ago.



this
 maintenance:
 McGinty
 #1Well;
 Coles: Sibley
 C.P. #1;
 Grace B
 Cook #1
 Well;
 Webster
 Pace #1;
 Blackwell #1
 Well.
 Wyoming
 Interstate Co.
 has lifted the
 force majeure
 issued on
 December 6

at the Douglas Compressor Station. On Saturday, Dec. 12 a unit at the station was taken out of service for repair to its controls.

Alliance Pipeline's Calgary, Alberta Aux Sable NGL processing plant has one train off-line to perform maintenance. Capacity at AB52, Ab53, and AB 55 has been lowered to zero until the train returns to service.

ELECTRIC MARKET NEWS

The Edison Electric Institute reported that for the week ending December 6th, US power production reached 77,524 Gwh, up 6.77% on the week but down 2.7% on the year.

The NRC has accepted for review a combined license application from Entergy for a new reactor at he River Bend site in Louisiana. It is seeking approval to build and operate an Economic Simplified Boiling Water Reactor at the site.

MARKET COMMENTARY

The natural gas market, which was trading mostly sideways early in the session, posted a low of \$5.565. The market was pressured amid the sell off in the oil market following the release of the bearish DOE inventory report that showed builds across the board. Similar to the crude market, the natural gas market wiped sawed as it bounced off its low and rallied to a high of \$5.792. A strong rally in the crude market triggered the buying in the natural gas market. However the natural gas market erased most of its gains ahead of the close and settled up 10.7 cents at \$5.686.

According to market expectations, US natural gas storage levels are expected to fall by 83 bcf when the EIA Storage Report is released on Thursday. Withdrawal estimates for the week ending December 5 range widely between 65 bcf and 112 bcf. For the same week last year, stocks fell by 129 bcf, while the five year average draw is 108 bcf.

The natural gas market, which will seek further direction from the inventory report, is seen finding initial resistance at \$5.797, \$5.908, \$6.009 followed by \$6.024. Support is seen at \$5.57, \$5.454 and \$5.343 followed by \$5.066.

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